



## STATE OF WASHINGTON

# PUBLIC DISCLOSURE COMMISSION

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TO: Members, Public Disclosure Commission

FROM: Doug Ellis  
Director of Public Outreach

DATE: December 2, 2003

SUBJECT: Public Hearing and Possible Permanent Adoption of Proposed Rules

A public hearing has been scheduled for proposed amendment to WAC 390-16-050, WAC 390-19-030, WAC 390-16-037, WAC 390-16-205, WAC 390-16-041, proposed new rule WAC 390-17-105 and proposed repeal of WAC 390-16-055.

### Proposed Rule Amendments

**WAC 390-16-050 Forms for contributions and expenditures of out-of-state or federal political committees.** House Bill 1294, approved by the legislature last session, became effective on July 27, 2003. This measure made a number of changes in the reporting requirements of out-of-state and federal political committees. The measure made the following changes:

- Exempts from C-5 reporting those committees that file campaign reports with the Federal Election Commission (FEC).
- Restricts application to political committees whose primary purpose is to influence elections in other states, but who may make contributions to or expenditures regarding Washington candidates, ballot measures or political committees.
- Eliminates the forfeiture remedy.
- Changes the due date of the C-5 report from "within 10 days" of a contribution being received to the 20<sup>th</sup> of the month following the month in which the contribution or expenditure is made.

The proposed rule amendment to WAC 390-16-050, reflected in changes to PDC form C-5, incorporates the legislative changes. See attached proposed rule amendment.

**WAC 390-19-030 Electronic filing – Reporting threshold.** On January 1, 2004, the threshold for mandatory electronic filing of campaign finance reports is lowered from \$25,000 to \$10,000 in expenditures. The proposed amendment reflects the new threshold level and establishes an additional benchmark for determining when a filer can reasonably "expect to expend" an amount equal to or more than \$10,000. See attached proposed rule amendment.

**WAC 390-16-037 Purpose of campaign expenditures – Reporting.** The proposed rule amendment clarifies the existing rule by requiring detailed information and provides three examples of how the "purpose" of an expenditure should be reported. See proposed rule amendment.

**WAC 390-16-205 Expenditures by agents, employees -- Reporting.** The proposed rule amendment references WAC 390-16-037 and provides examples of how to itemize expenditures by agents and employees. See attached proposed rule amendment.

**WAC 390-16-041 Forms -- Summary of total contributions and expenditures.** The proposed rule amendment clarifies the requirement to provide a detailed explanation of expenses on Schedules A and B to the C-4 Report. The proposed rule also adds a note on the **Expenditure Code Definitions and Uses** section that reminds filers of the obligation to provide detailed information in the description block of both the Schedule A and Schedule B. See attached proposed rule amendment.

A stakeholder meeting was held on Tuesday, December 2, 2003 to discuss the implications of proposed rules to clarify reporting requirements for campaign expenditures (WAC 390-16-037, WAC 390-16-205 and WAC 390-16-041). Thirty-seven individuals representing political consultants, caucus political committees and state political party committees were invited. Two people attended the meeting.

Concern was expressed over the detailed disclosure of consultant charges to campaigns for specific items such as printers, graphic designers, mail handlers, etc. One attendee said the price charged by the consultant for individual campaigns would vary depending upon the amount of work necessary to complete a given task and detailed breakdowns of the costs would not necessarily provide a complete picture of the work performed by the consultant. There was also concern that candidates, political committees and other consultants would use the detailed information disclosed to compete for business and may provide a competitive disadvantage to some political consultants if detailed vendor information was publicly disclosed.

### **Proposed New Rule**

**New WAC 390-17-105 Small contributors of twenty-five dollars or less.** On February 12, 2003, King County Superior Court Judge Richard McDermott issued a permanent injunction enjoining the Commission from taking action to enforce RCW 42.17.680(4) by requiring employers to disclose the names or signatures of such individuals who have made contributions in the amount of twenty-five dollars or less during the year. The proposed new rule implements the requirements of the permanent injunction. See proposed rule amendment and permanent injunction.

### **Proposed Rule Repeal**

**WAC 390-16-055 Forfeiture of contributions received from out-of-state or federal political committees.** Staff is recommending repeal of this rule. House Bill 1294, which became effective on July 27, 2003, eliminated the forfeiture provisions of RCW 42.17.090. The rule no longer conforms with state law. See attached rule.

Action by the Commission. Staff is requesting the Commission adopt the proposed amendment, proposed new rule and repeal of WAC 390-16-055. The effective date of the Commission action is 31 days after filing the CR 103 with the Code Reviser.